

Message Text

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P 300010Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI PRIORITY

C O N F I D E N T I A L STATE 234734

E.O. 11652:GDS

TAGS: EFIN, IN

SUBJECT: RUPEE DISCUSSIONS

REFS: (A) NEW DELHI 13710

1. FOLLOWING ARE DRAFTING COMMENTS ON NOV. 23 DRAFT
AS PROMISED TODAY'S SEPTTEL.

2. RE ANNEXES I - III AND V - VII GENERALLY: WE
FEEL THAT UNLESS GOI HAS SOME STRONG REASON FOR HAVING
AMOUNTS SHOWN ON THESE ANNEXES, NONE SHOULD APPEAR.
ALTHOUGH MOST OR ALL OF THE AMOUNTS MIGHT BE SIMPLY
LIFTED FROM DECEMBER 31 USG REPORTS, THE LIKELIHOOD
OF ACTUALLY GETTING THEM ALL DOWN ON PAPER WITHOUT
ERRORS SEEMS (WITH ALL RESPECT TO THE FINANCIAL TYPES
OF THE GOI, OF THE EMBASSY AND IN WASHINGTON) RATHER
SMALL. SECONDLY, THOSE NUMBERS ARE IN ONE SENSE NOT
RELEVANT TO THE AGREEMENT, FOR THEY WOULD HAVE TO BE
AS OF A REPORTING DATE (E.G- DEC. 31); IN ANOTHER
SENSE THEY ARE MISLEADING, FOR PEOPLE IN INDIA AND
HERE MAY START ADDING THEM UP, AND THE TOTALS WOULD BE
DIFFERENT FROM THOSE IN THE AGREEMENT. FINALLY,
THE AMOUNTS ARE NOT NECESSARY AND NOT RELEVANT TO THE
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PURPOSE OF THE ANNEXES, WHICH IS TO IDENTIFY THE AGREE-

MENTS COVERED BY DEFINED PORTIONS OF THE AGREEMENT.

3. RE ANNEX IV: CONVERSION OBLIGATIONS. IN ADDITION TO SALES AGREEMENTS SHOWN, THIS LIST SHOULD INCLUDE LOAN AGREEMENTS CONTAINING CONVERSION OBLIGATIONS. THE INTENTION HERE IS TO QTE SATISFY UNQTE ALL OUTSTANDING CONVERSION OBLIGATIONS, AND THIS ANNEX IS REFERENCED IN THE OPERATIVE LANGUAGE AT THE BEGINNING OF PARA. 6(A) OF PART I. ALTHOUGH THIS IS ESSENTIALLY A POINT GOI SHOULD MAKE, WE FEEL IT PREFERABLE TO FIX NOW THAN HAVE GOI RAISE IT LATER, SAY AFTER INITIATING BUT BEFORE EXECUTION.

4. REF A, PARA 3 INDICATES NEED TO MAKE CONSISTANT USE OF SUCH INTERNAL REFERENCE FORMS AS QTE PAR 3, ABOVE UNQTE AND QTE PARA 3 OF THIS PART I, UNQTE AS OPPOSED TO SIMPLY QTE PARA 3 UNQTE. AGREEMENT STILL INCONSISTENT IN THIS RESPECT (SEE E.G. LINES 3, 13, AND 16 ON PAGE 7); IT WOULD BE DESIRABLE TO INSERT APPROPRIATE REFERENCES WHERE NECESSARY THOUGHOUT FOR PURPOSES OF CONSISTANCY AND, MORE IMPORTANTLY, CLARITY.

5. PAGE 6, LINE 2: STRIKE QTE PAYMENT OF UNQTE TO CONFORM WITH EMBASSY CHANGES IN PARA 1(A).

6. PAGE 6, PARA 1(C): INSERT AFTER QTE AMERICA UNQTE IN LINE 2 QTE AND THE GOVERNMENT OF INDIA UNQTE - THE GOI AND RBI MUST DO THIS FOR US. IN LINE 4, INSERT COMMA AFTER QTE RUPEES UNQTE AND QTE THE GOVERNMENT OF THE USA SHALL UNQTE AFTER QTE AND UNQTE; MAKE LAST LINE READ: QTE DEPOSIT SUCH RUPEES INTO THE TRANSITION ACCOUNT. UNQTE -- UNDER PRESENT LANGUAGE WE ARE REQUIRED TO DEPOSIT THE SECURITIES.

7. PAGE 6, PARA 1(D). WE BELIEVE THERE MUST BE A KNOWN TIME AFTER WHICH THERE CAN BE NO FURTHER ADJUSTMENTS; OTHERWISE WE COULD NEVER CLOSE OUR BOOKS. AGREE THAT 30 DAYS TOO SHORT AND SUGGEST YOU TRY 180 DAYS AFTER DATE OF AGREEMENT ON GOI.
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8. PAGE 6, PARA 2: INSERTION OF WORD QTE CONSULTATIVE UNQTE VIEWED HERE WITH CONSIDERABLE MISGIVINGS. WE UNDERSTAND FROM BROWN STRENGTH OF GOI FEELINGS ON THIS ISSUE, BUT BELIEVE THAT NEW WORD PUTS USG IN SIGNIFICANTLY WEAKER POSITION SHOULD ISSUE ARISE IN FUTURE. UNLESS POINT NOW COMPLETELY SETTLED, WE URGE

YOU TO RAISE MATTER AGAIN WITH GOI, MAKING POINT THIS LANGUAGE COULD BE INTERPRETED TO MEAN CONSULTATION WAS EMPLOYED IN ALL RPT ALL CASES IN THE PAST. SEE ALSO PART II, PARA 9(B)(I), PAGE 17.

9. PAGE 7, PARA 3: REFERENCES TO PARAS 1 AND 5 SHOULD BE 2 AND 6. PARA 4(A): STRIKE PERIOD AFTER QTE 4(A) UNQTE.

10. PAGE 8, PARA 4(B). USG APPROVAL FOR ALLOCATIONS TO QTE PROJECTS UNQTE NOT REQUIRED. ONLY QTE SECTORS UNQTE LIMITED BY AGREEMENT. AS WE NOT CERTAIN WHETHER NEW SECTORS COULD BE AGREED TO, SUGGEST DROPPING LAST PHRASE -- QTE OR ALLOCATIONS FOR ANY NEW PROJECTS WITHIN THE TOTAL AMOUNT. UNQTE

11. PAGE 9, PARA 5. CHANGE INDICATED IN PARA 10 ABOVE REQUIRES DELETION OF QTE OR ON THE PROJECTS REFERRED TO IN PARAGRAPH 4(B) UNQTE IN LINES 4-5 AND QTE AND 4(B) UNQTE IN LINE 11.

12. FURTHER COMMENTS TO FOLLOW NOVEMBER 30. KISSINGER

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